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FOR CONGRESSMAN LANTOS FROM AMBASSADOR ARNALL
COPENHAGEN PLEASE PASS TO LANTOS PARTY
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SUBJECT: SCENESETTER FOR CONGRESSMAN LANTOS' DECEMBER 3-4
VISIT TO THE NETHERLANDS

REF: THE HAGUE 2498 AND PREVIOUS

Congressman Lantos:

11. (SBU) My Embassy and I warmly welcome you back to the Netherlands. Since your last visit here, the political landscape has changed dramatically. The November 22 national elections have left the country divided, with no party or group of parties having a clear majority. In the short run, we do not expect any major changes in Dutch policies relevant to the U.S. -- such as the Dutch deployment to Afghanistan -- but Dutch voters' dissatisfaction with the status quo could have troubling implications for the long term relationship. Your visit here provides and excellent opportunity to build relationships with Dutch officials and parliamentary leaders, and to help refocus our relationship on our core shared values. In addition, your Dutch interlocutors will be very interested in hearing your views regarding U.S. positions on NATO, Europe, Iran, Afghanistan, and other issues in light of the recent U.S. elections.

NEW POLITICAL LANDSCAPE:

12. (SBU) Last June, the fragile coalition government of Jan Peter Balkenende collapsed over the mishandling of the citizenship status of Ayaan Hirsi Ali -- a former member of Parliament and outspoken critic of Islam who now lives in the U.S. -- forcing early elections on November 22. Although Balkenende's Christian Democratic Alliance (CDA) emerged as the putative "winner" of these elections, the 41 seats they control in the 150-seat Dutch Parliament are far too few to command a majority, and there are no obvious partners with which to form a new coalition government. Observers here believe the difficult negotiations necessary to pull together a coalition government could take weeks or months -- if they succeed at all. In the meantime, Balkenende will continue to head a caretaker minority government until a new coalition emerges or new elections are held.

WINNERS AND LOSERS:

13. (SBU) The biggest electoral losers were the Center-Left Labor Party (PvdA) headed by Wouter Bos, and the conservative Liberal Party (VVD) headed by Mark Rutte. Both had been perceived as potential partners in a future Balkenende-led cabinet, but with 33 and 21 seats, respectively, neither now has enough support to reach the necessary 76 seats. The surprising success of fringe parties on the right and left,

meanwhile, are pushing both parties away from the center, further complicating the prospects of the sort of centrist government coalition favored by Balkenende. On the left, the formerly Maoist Socialist Party grew from 9 to 25 seats overnight and now poses a serious threat to the PvdA for leadership of the Dutch left. On the right, the new Party of Freedom (PVV) successfully exploited deep-seated anti-immigrant and anti-EU emotions to capture a surprising 9 seats.

DIVIDED ELECTORATE:

¶4. (SBU) The election results reveal a deeply divided Dutch electorate that is becoming even more so. The voters' swing to the fringes reflects the same broad dissatisfaction with the traditional political establishment that shot down the EU Constitutional Treaty in the Dutch referendum in 2005. This frustration is particularly striking at a time when the Dutch economy is performing better than it has in decades, consistently outperforming eurozone averages: GDP is expected to grow by 2.5 to 3 percent this year, and unemployment has fallen to 5.5 percent. Balkenende owes much of his relatively strong performance in the elections to these positive trends. Many have credited his government's implementation of painful structural reforms for this economic turnaround. This positive economic picture, however, was clearly not enough to overcome many voters' concerns in other areas.

INTEGRATION DEBATE CONTINUES:

¶5. (SBU) In a society still reeling from the 2004 murder of Theo van Gogh by a Dutch-Muslim extremist, integrating the

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nearly 1 million Muslims living in the Netherlands and regulating future immigration remain hot-button issues. Most of the major candidates shied away from publicly addressing such concerns during the campaign, which no doubt only added to the appeal of those candidates, like the PVV's Geert Wilders, who spoke out openly for more restrictive immigration policies. The government's eleventh-hour announcement of a proposal to ban "burqas" -- which now stands virtually no chance of being adopted by the new parliament -- was widely viewed as a transparent, ultimately unsuccessful, ploy to woo voters away from Wilders and other extremists. As this internal Dutch debate plays out, we can play a useful role in facilitating discussion and by introducing relevant aspects of our own experience into the discussion.

¶6. (SBU) This Mission launched and co-sponsored an intensive "Muslim-Muslim" dialogue on November 1-2, which brought over 120 Dutch and American Muslims, government officials, policy experts, civil rights and business leaders together to develop strategies for managing diversity and social integration. Despite initial skepticism, Dutch participants (and the press) subsequently hailed this initiative as laying the groundwork for a broader national discussion on these themes. I hope you will have a chance to meet some of the Dutch participants in this Dialogue during the Humanity in Action event in Amsterdam.

SHORT TERM CONTINUITY: LONG TERM WORRIES:

¶7. (SBU) In the short term, the lack of a new national consensus means that the policies of the previous, pro-Atlantic government will continue -- at least as long as Balkenende remains caretaker Prime Minister. Any new government will also be cautious about overturning or reversing commitments made by the previous government; for example, we have received multiple assurances, at all levels, that the Dutch will honor, to the letter, their commitment to

deploy 1,400 troops to the southern Afghan province of Uruzgan until the summer of 2008.

18. (SBU) Over the long run, however, the clear desire for change expressed by the Dutch voters cannot be ignored. The traditionally close relationship between the U.S. and the Netherlands is one obvious target of frustration (as are NATO, the EU, and the Dutch political establishment), and recent high-profile events -- Abu Ghraib, Guantanamo, "CIA Flights," etc. -- have not made our jobs any easier. We are actively working to develop and maintain solid relationships across the political spectrum in an effort to refocus the relationship back to our core shared values, history, and future potential. Your visit here -- during which you will meet some of our toughest critics as well as old friends -- provides an excellent opportunity to move this process forward.

ARNALL